

RECEIVED

2007 JUL 3 AM 11:34

June 29, 2007

Mr. Mark E. Fesmire, P.E. - Director
New Mexico Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, NM 87505

RE: Administrative Approval to Downhole Commingle
Energen Resources Corporation
Jicarilla 96 #2B
2430' FSL, 1265' FEL, Section 02, T26N, R3W, NMPM
Rio Arriba County, New Mexico

Dear Mr. Fesmire:

Energen Resources Corporation requests administrative approval to downhole commingle the Gavilan-Pictured Cliffs (PC) and Blanco Mesa Verde (MV) pools in the subject well. Due to the liquid loading problems commingling with plunger lift is the most economical method to recover gas from both zones in the subject well. We have successfully applied this method along with plunger lift in similar wells that have experienced liquid loading problems and it is felt this method would improve the overall producing efficiency of the well.

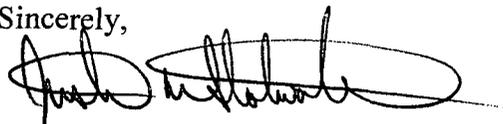
To comply with New Mexico Oil Conservation Rules, Energen Resources Corporation is submitting the following data for your approval of the proposed commingling.

1. C-107A - Application for Downhole Commingling
2. C-102 - Location plat showing each spacing unit and dedicated acreage
3. Offset Operator Ownership Plat
4. Production curves from the current well completed in both the PC & MV.
5. Allocation method

In accordance to New Mexico Oil Conservation Division Rule 303C, Energen Resources operates all offset units.

If additional information is needed, please contact me at 505-325-6800.

Sincerely,



Justin M. Stolworthy
District Engineer

xc:

NMOCD - Aztec District Office
BLM- FFO notified via Federal Sundry Notice 3160-5 and sent NMOCD form C-107A

DATE IN 1/3/07	SUSPENSE	ENGINEER WHT	LOGGED IN 5/3/07	TYPE 1245 C	APP. NO. 0718450725
-------------------	----------	-----------------	---------------------	----------------	------------------------

ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION
 - Engineering Bureau -
 1220 South St. Francis Drive, Santa Fe, NM 87505



ADMINISTRATIVE APPLICATION CHECKLIST

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

Application Acronyms:

- [NSL-Non-Standard Location] [NSP-Non-Standard Proration Unit] [SD-Simultaneous Dedication]
- [DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]
- [PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]
- [WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]
- [SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]
- [EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]

- [1] **TYPE OF APPLICATION - Check Those Which Apply for [A]**
- [A] Location - Spacing Unit - Simultaneous Dedication
 NSL NSP SD
- Check One Only for [B] or [C]
- [B] Commingling - Storage - Measurement
 DHC CTB PLC PC OLS OLM
- [C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery
 WFX PMX SWD IPI EOR PPR
- [D] Other: Specify _____
- [2] **NOTIFICATION REQUIRED TO: - Check Those Which Apply, or Does Not Apply**
- [A] Working, Royalty or Overriding Royalty Interest Owners
- [B] Offset Operators, Leaseholders or Surface Owner
- [C] Application is One Which Requires Published Legal Notice
- [D] Notification and/or Concurrent Approval by BLM or SLO
U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office
- [E] For all of the above, Proof of Notification or Publication is Attached, and/or,
- [F] Waivers are Attached
- [3] **SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED ABOVE.**

[4] **CERTIFICATION:** I hereby certify that the information submitted with this application for administrative approval is **accurate and complete** to the best of my knowledge. I also understand that **no action** will be taken on this application until the required information and notifications are submitted to the Division.

Note: Statement must be completed by an individual with managerial and/or supervisory capacity.

Justin Stalworthy
 Print or Type Name

[Signature]
 Signature

DISTRICT ENGINEER
 Title Date

stalwo@energy.com
 e-mail Address

District I
1625 N. French Drive, Hobbs, NM 88240

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-107A
Revised June 10, 2003

District II
1301 W. Grand Avenue, Artesia, NM 88210

Oil Conservation Division
1220 South St. Francis Dr.

APPLICATION TYPE
X Single

District III
Well
1000 Rio Brazos Road, Aztec, NM 87410

Santa Fe, New Mexico 87505

Establish Pre-Approved Pools
EXISTING WELLBORE
X Yes ___ No

District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

APPLICATION FOR DOWNHOLE COMMINGLING

Energen Resources

2198 Bloomfield Highway, Farmington, New Mexico 87401

Operator: Jicarilla 96, Address: 2B I Section 02, T26N, R3W N.M.P.M, Rio Arriba
Lease: 162928, Well No.: 21938, Unit Letter-Section-Township-Range: 30-039-26552, County: X
OGRID No., Property Code, API No., Lease Type: ___ Federal ___ State ___ Fee

DAC-3918

Table with 4 columns: DATA ELEMENT, UPPER ZONE, INTERMEDIATE ZONE, LOWER ZONE. Rows include Pool Name, Pool Code, Top and Bottom of Pay Section, Method of Production, Bottomhole Pressure, Oil Gravity or Gas BTU, Producing, Shut-In or New Zone, Date and Oil/Gas/Water Rates of Last Production, and Fixed Allocation Percentage.

ADDITIONAL DATA

Are all working, royalty and overriding royalty interests identical in all commingled zones? Yes X No ___
If not, have all working, royalty and overriding royalty interest owners been notified by certified mail? Yes ___ No ___
Are all produced fluids from all commingled zones compatible with each other? Yes X No ___
Will commingling decrease the value of production? Yes ___ No X

If this well is on, or communitized with, state or federal lands, has either the Commissioner of Public Lands or the United States Bureau of Land Management been notified in writing of this application? Yes X No ___

NMOCD Reference Case No. applicable to this well: Case No. 12857 R-11848

Attachments:

- C-102 for each zone to be commingled showing its spacing unit and acreage dedication.
- Production curve for each zone for at least one year. (If not available, attach explanation.)
- For zones with no production history, estimated production rates and supporting data.
- Data to support allocation method or formula.
- Notification list of working, royalty and overriding royalty interests for uncommon interest cases.
- Any additional statements, data or documents required to support commingling.

Burlington
36 well
PLD - PILOT
INFILL Program
See attachment to order - Last Paragraph

PRE-APPROVED POOLS

If application is to establish Pre-Approved Pools, the following additional information will be required:

- List of other orders approving downhole commingling within the proposed Pre-Approved Pools
- List of all operators within the proposed Pre-Approved Pools
- Proof that all operators within the proposed Pre-Approved Pools were provided notice of this application.
- Bottomhole pressure data.

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE: *Justin M. Stolworthy*, TITLE: District Engineer, DATE: 6-29-07
TYPE OR PRINT NAME: Justin M. Stolworthy, TELEPHONE NO.: (505) 325-6800
E-MAIL ADDRESS: jstolwor@energen.com

District I
 1625 N. French Dr., Hobbs, NM 88240
District II
 1301 W. Grand Avenue, Artesia, NM 88210
District III
 1000 Rio Brazos Rd., Aztec, NM 87410
District IV
 1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
 Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION
 1220 South St. Francis Dr.
 Santa Fe, NM 87505

Form C-102
 Revised October 12, 2005
 Submit to Appropriate District Office
 State Lease - 4 Copies
 Fee Lease - 3 Copies
 AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-039-26552		² Pool Code 72319		³ Pool Name Blanco Mesa Verde	
⁴ Property Code 21938		⁵ Property Name Jicarilla 96			⁶ Well Number 2B
⁷ OGRID No.		⁸ Operator Name			⁹ Elevation

¹⁰ Surface Location

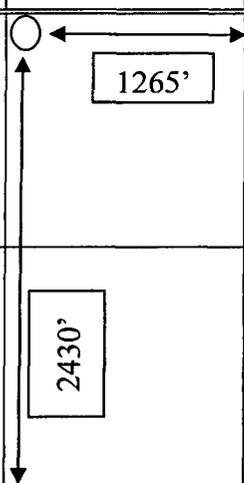
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
1	02	26N	3W		2430	South	1265	East	Rio Arriba

¹¹ Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

¹² Dedicated Acres 320	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.
--------------------------------------	-------------------------------	----------------------------------	-------------------------

No allowable will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the division.

16					<p>¹⁷ OPERATOR CERTIFICATION</p> <p><i>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</i></p> <p style="text-align: right;">  Signature 6-29-07 Date </p> <p>Justin M. Stolworthy Printed Name</p>
	02				
					

¹⁸ SURVEYOR CERTIFICATION	
<i>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.</i>	
On File	
Date of Survey	
Signature and Seal of Professional Surveyor: Neale C. Edwards	
NM 6857	
Certificate Number	

District I
1625 N. French Dr., Hobbs, NM 88240

District II
1301 W. Grand Avenue, Artesia, NM 88210

District III
1000 Rio Brazos Rd., Aztec, NM 87410

District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-102
Revised October 12, 2005
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-039-26552		² Pool Code 77360		³ Pool Name Gavilan Pictured Cliffs	
⁴ Property Code 21938		⁵ Property Name Jicarilla 96			⁶ Well Number 2B
⁷ OGRID No.		⁸ Operator Name			⁹ Elevation

¹⁰ Surface Location

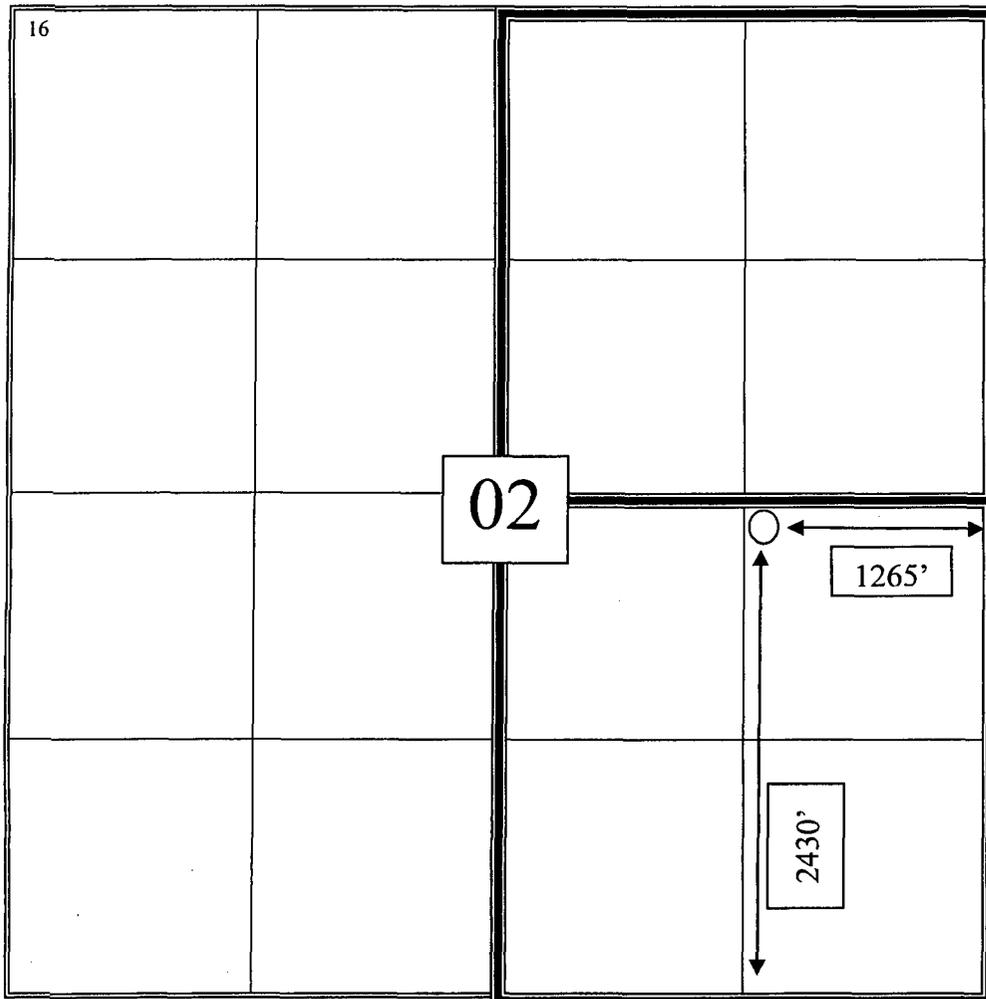
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
1	02	26N	3W		2430	South	1265	East	Rio Arriba

¹¹ Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

¹² Dedicated Acres 160	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.
--------------------------------------	-------------------------------	----------------------------------	-------------------------

No allowable will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the division.



¹⁷ OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

[Signature] 6-29-07
Signature Date

Justin M Stolworthy
Printed Name

¹⁸ SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

On File

Date of Survey

Signature and Seal of Professional Surveyor:

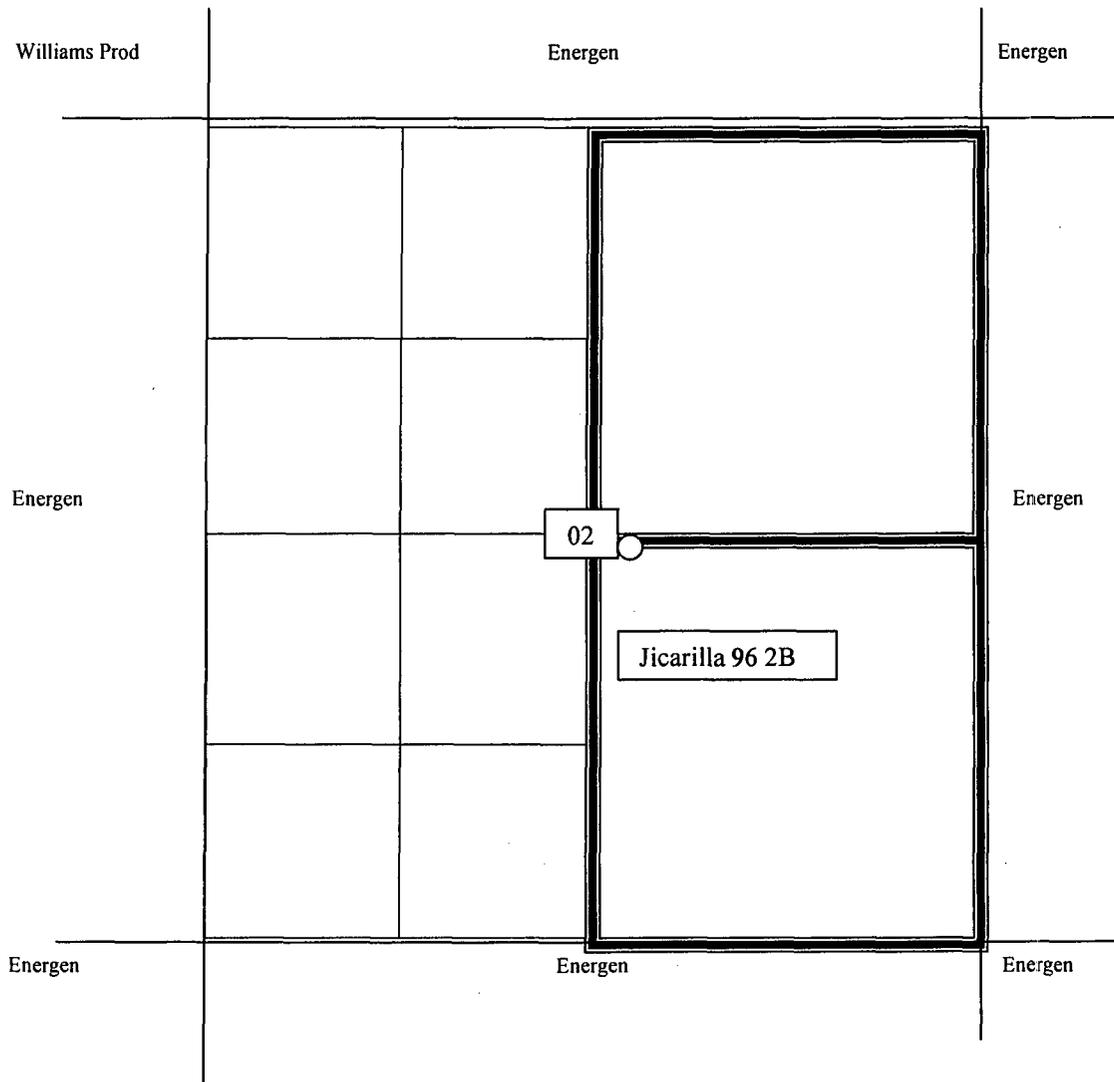
Neale C. Edwards

NM 6857

Certificate Number

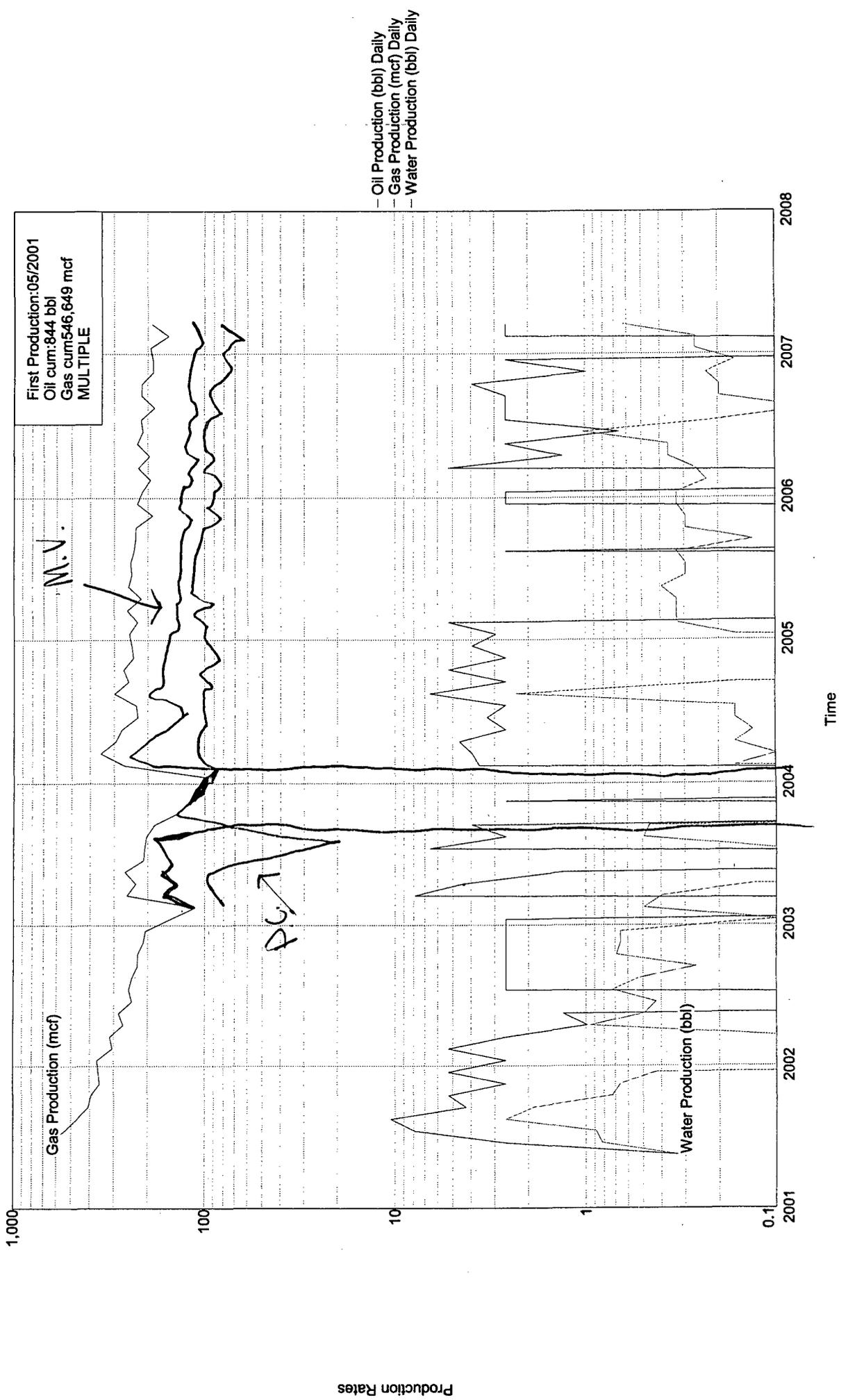
Energen Resources Corp.
Jicarilla 96 #2B
Offset Operator/ Ownership
Plat
Gavilan Pictured Cliffs/ Blanco Mesa
Verde
Downhole Commingling

Township 26 N, Range 3 W



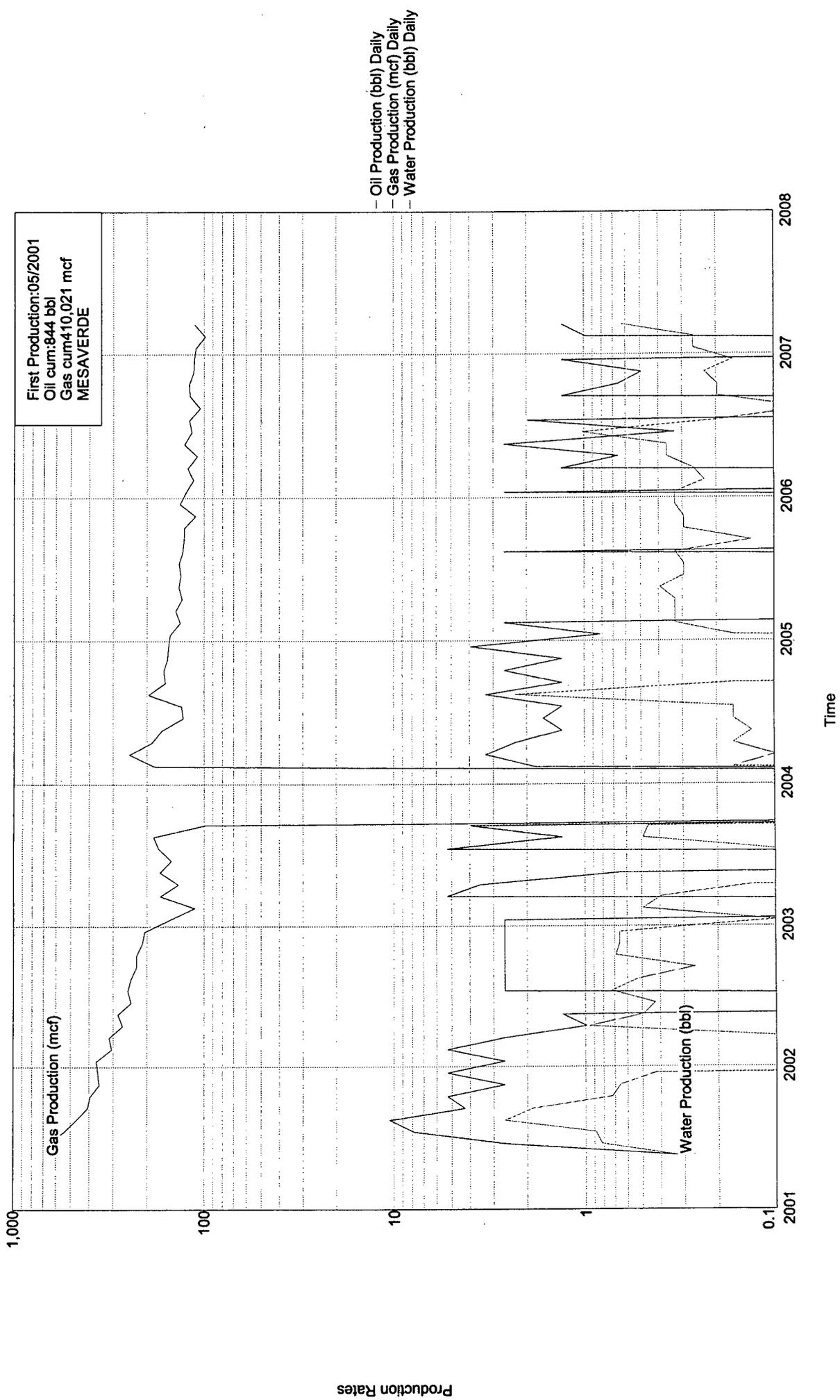
Lease Name: JICARILLA 95
 County, State: RIO ARBA, NM
 Operator: ENERGEN RESOURCES CORPORATION
 Field: MULTIPLE
 Reservoir: MULTIPLE
 Location:

JICARILLA 95 - MULTIPLE MULTIPLE



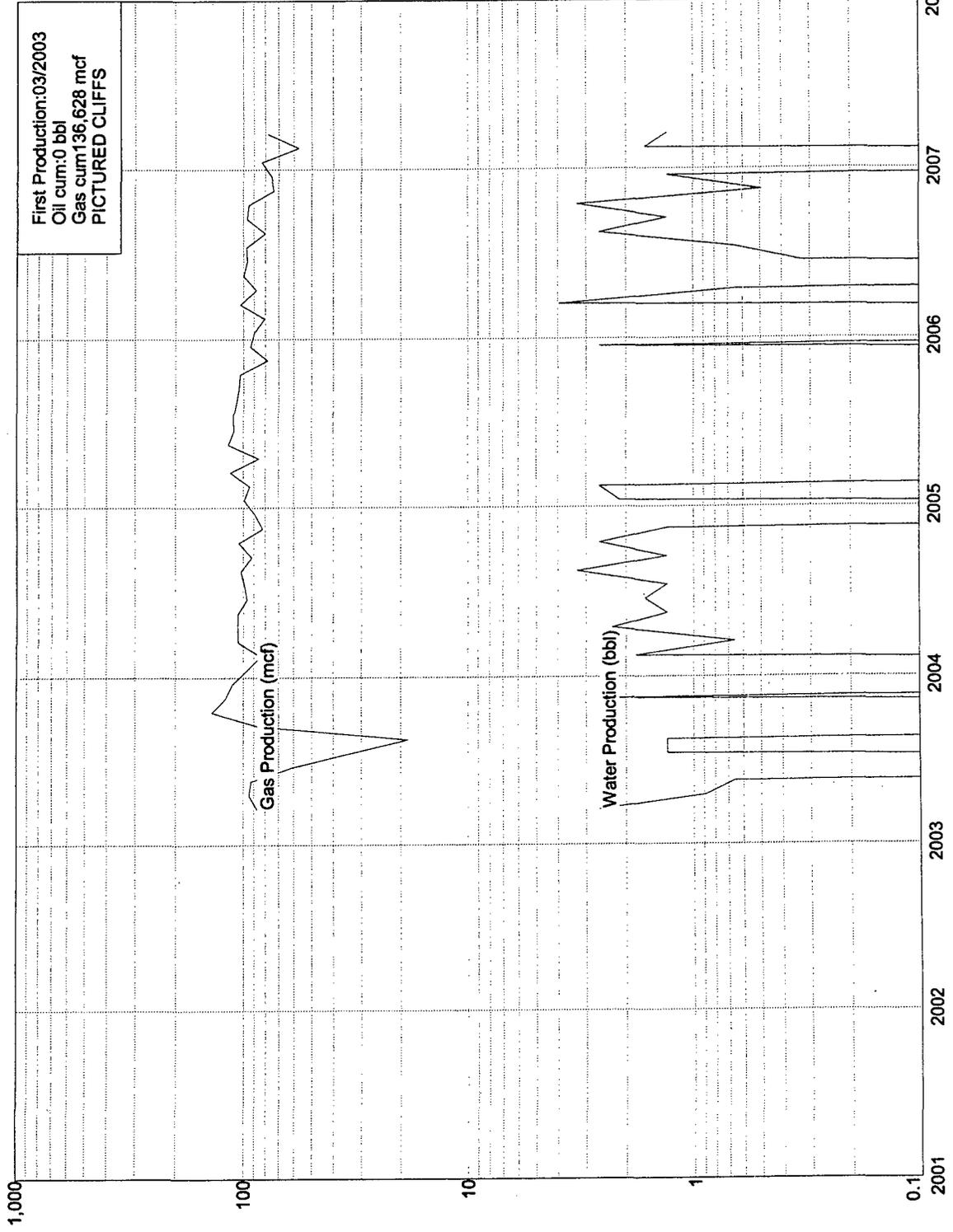
Lease Name: JICARILLA 95
 County, State: RIO ARBA, NM
 Operator: ENERGEN RESOURCES CORPORATION
 Field: BLANCO
 Reservoir: MESAVERDE
 Location: 26 27N 3W SE NW SE

JICARILLA 95 - BLANCO 8B MESAVERDE



Lease Name: JICARILLA 95
 County, State: RIO ARBA, NM
 Operator: ENERGEN RESOURCES CORPORATION
 Field: GAVILAN
 Reservoir: PICTURED CLIFFS
 Location: 26 27N 3W SE NW SE

JICARILLA 95 - GAVILAN 8B PICTURED CLIFFS



Time

June 7, 2007

Procedure outline for Jicarilla 96 #2B

- A. Check location prior to rig-up for anchors and note any hazards which may impede rig-up.
- B. See Pertinent Data Sheet for wellbore information.
- 1. MIRU WSU. Blow the well down. Line up kill pump. Kill the well w/ 2% KCL as needed.

Note: BOP will have to be NU on an offset spool since this well is a dual completion – Pipe Rams will need to be for 2 3/8" X 1 1/2". Also an X-over will be needed for the TIW valve for 2 3/8" and 1 1/2" IJ.

- 2. MIRU SL unit and set a plug in the 2 3/8" Tubing sting 500' from surface and NDWH. NUBOP if pressure warrants. (Note: IJ will require slip grip elevators)
- 3. POOH with 1 1/2" IJ and lay it down.
- 4. MIRU SL and pull the plug out of the 2 3/8" tubing, if needed. POOH with 2 3/8" tubing and Baker type "R" packer @ 4072'.

Note: Fill may have to be cleaned out of the well with air – cleanout to PBTD of 6241'.

- 5. TIH with 2 3/8" tubing w/ a notched collar SN and land EOT at 5922'.
- 6. NDBOP. NUWH. RDMO WSU.
- 7. Turn well over to production.

Notification list of Working, Royalty, and overriding royalty interests

1) Royalty

Jicarilla Apache Tribe
P.O. Box 507
Dulce, NM 87528

Notification list of Offset Operators

1) Williams Production

Attn: Doug Bird
One Williams Center
PO Box 3102, MS 25-2
Tulsa, Oklahoma 74101